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Tariffs of up to 25% Have Been Placed on U.S. Cheese, Apple Exports in Retaliation for Trucking Dispute

If Not Lifted, Tariffs Threaten Recovery of Upstate New York Agricultural Sector Hit Hard by Recession

WASHINGTON, DC-U.S. Rep. Michael A. Arcuri (NY-24) called on President Obama to take immediate action to resolve an ongoing trade dispute that has resulted in retaliatory tariffs of between 20 percent to 25 percent being imposed on U.S. cheese and apple exports to Mexico.

"It is vital for the U.S. to resolve this transportation dispute with Mexico to prevent further hardship for New York's dairy farmers and apple growers," **said Arcuri**. "We must ensure free and clear export markets for our agricultural products, just like other countries have access to ours. I am confident that a resolution can be met that will lift these tariffs while simultaneously ensuring we maintain strong highway safety standards that protect the driving public."

"We appreciate Congressman Arcuri taking immediate action on our request to do whatever possible to get this tariff lifted so we can continue to ship U.S. apples into Mexico," **said Jim Allen, president of the New York Apple Association**

. "By authoring and circulating a colleague letter to the New York delegation, Congressman Arcuri took the right stand for local apple growers and the future market strength of our industry."

Cheese and apples are the latest items that Mexico has added to a "retaliation list" over an ongoing dispute with the U.S. government related to cross-border trucking rules. The North American Free Trade Agreement (NAFTA) contains a provision that requires both the U.S. and

Mexico to allow commercial trucks from one country to operate freely within the other. However, in 2009, Congress overwhelmingly voted to end a cross-border demonstration program because it failed to adequately protect Americans from unsafe Mexican trucking standards and homeland security concerns. On behalf of Upstate New York dairy and apple producers, Arcuri recently joined several New York colleagues in sending two separate letters to President Barak Obama urging him to take action to resolve the dispute so that these tariffs can be removed further economic loss to these industries can be prevented.

Retaliatory tariffs of 20 percent to 25 percent are being imposed on several categories of cheese, which together account for 80 percent of U.S. cheese exports to Mexico and approximately a fourth of total U.S. cheese exports world-wide. Over the past two years U.S. cheese sales to Mexico have averaged more than \$100 million, but beyond cheeses Mexico is our largest overall dairy export market. Total U.S. dairy sales to Mexico over this same period have averaged almost \$800 million.

Dairy is the single largest segment of New York's agricultural industry with roughly 6,800 dairy farms throughout the state - most of them family owned and operated. If these tariffs remain in effect or are expanded to other dairy categories, U.S. milk prices will suffer and New York's recovering dairy farmers will once again fall victim to exacerbated price volatility.

U.S. apples going into Mexico now have a 20 percent tariff or approximately \$40 million, which will inevitably lead to market loss. Mexico is the largest export market for U.S. apples. Last year, Mexico imported 11.5 million bushels of fresh U.S. apples, worth \$207 million, and dried apples valued at \$23 million. This represents 27.5 percent of total U.S. apple export value. If the tariff remains in place, U.S. markets will be lost to countries like Chile and the domestic market for apples in the U.S. could be flooded with oversupply.

New York produces an average of 29.5 million bushels a year and there are close to 700 commercial apple growers in the state. These growers are an integral part of New York's rural communities and support nearly 10,000 direct agricultural jobs and 7, 500 handling, distribution, shipping and marketing jobs.

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